10-1
196

March 7, 2010

COMMENT

David Stawick, Secretary
Commodity Futures Trading Commission
1155 21st Street, N.W.,
Washington, DC 20581

RE: RIN 3038-AC61

Dear Secretary Stawick,

I am most concerned that the U.S. Commodity Futures Trading Commission is considering limiting retail forex customer accounts to a 10-to-1 leverage limitation.

As you are certainly aware, a trading unit in forex is about 1/00 of a cent ($0.0001) or one ten-thousandth of a dollar. Thus it is far different than commodity futures trading and should not be subject to the same leverage limitations!

I, like thousands of others, am a small-capital investor who makes a decent living in forex trading. With an **initial risk capital of only $5,000** in a customer account I have enjoyed modest financial success using 100-to-1 leverage and a conservative money management strategy. (And, I have never had a margin call because of 100-to-1 leverage.)

If, however, you limit leverage to 10-to1, **I would have to risk $50,000 to achieve the same level of income**. As you can see, if your intention is to limit risk by limiting leverage, you would accomplish exactly the opposite effect!

That makes absolutely no sense! (Unless, of course, it is your intention to drive "the little guy" out of the forex trading market.)

That's the problem with regulations They tend to generate unintended consequences.

I am writing on behalf of the many thousands of small-cap U. S. forex traders who will be driven out of business and forced to join the millions of unemployed if you limit leverage.

We know the risks. The risks are published and agreed to. We do not need well intentioned regulations to save us.

J. A. Bailey
1578 S. Concho Dr
San Angelo, TX 76904